



December 22, 2011

North Carolina Association of CPAs
C/O Jim Ahler, Chief Executive Officer
3100 Gateway Centre Boulevard
Morrisville, NC 27560

Mr. Ahler,

The question before the Mecklenburg County Tax Office ("Tax Collector") and the City of Charlotte ("City") is whether CPA firms can perform consulting services and continue to be exempt under North Carolina General Statutes § 105-41?

After reviewing materials submitted by your organization and gathering additional information, the City and the Tax Collector conclude that CPA firms may perform consulting services and continue to be exempt under North Carolina General Statutes § 105-41 from the City's privilege license tax.

Yet, a business must meet all of the following requirements to fall within the state exemption under North Carolina General Statutes § 105-41:

- (i) Be a CPA firm; and,
- (ii) Be registered with the North Carolina State Board of CPA Examiners as a CPA firm pursuant to 21 N.C.A.C. 08 et seq.; and,
- (iii) Be registered with the North Carolina Secretary of State as an accounting or consulting services type of business.

However, if a business fails to satisfy all of the aforementioned requirements, then the state exemption under North Carolina General Statutes § 105-41 would not prevent the City from levying its privilege license tax upon that business.

If you have further questions, then you or your counsel may contact me at your convenience to discuss.

Respectfully,

Thomas E. Powers III
Assistant City Attorney

CC: Neal Dixon, Mecklenburg County Tax Collector
Joshua D. Bryant, Smith Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P
Dave Horne, Smith Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P